

ESW Capital, LLC
Form 4
December 28, 2018

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
ESW Capital, LLC

2. Issuer Name **and** Ticker or Trading
Symbol
FALCONSTOR SOFTWARE INC
[FALC]

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)
401 CONGRESS AVE., SUITE
2650

3. Date of Earliest Transaction
(Month/Day/Year)
12/27/2018

____ Director ____X____ 10% Owner
____ Officer (give title below) ____ Other (specify below)

(Street)
AUSTIN, TX 78701

4. If Amendment, Date Original
Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check
Applicable Line)
____ Form filed by One Reporting Person
__X__ Form filed by More than One Reporting
Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
			Code	V	Amount	(A) or (D)	Price	
Common Stock	12/27/2018		X		122,214,132	A	\$ 0.001	128,613,493 D ⁽¹⁾

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of
information contained in this form are not
required to respond unless the form
displays a currently valid OMB control
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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount Underlying Securities (Instr. 3 and 4)
				Code V (A) (D)		Date Exercisable Expiration Date	Title Amount Num Shares
Warrants	\$ 0.001	12/27/2018		X	122,214,132	(2) 02/23/2028	Common Stock 122

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ESW Capital, LLC 401 CONGRESS AVE., SUITE 2650 AUSTIN, TX 78701		X		
LIEMANDT JOSEPH 401 CONGRESS AVE., SUITE 2650 AUSTIN, TX 78701		X		

Signatures

/s/ Andrew Price, Chief Financial Officer of ESW Capital, LLC 12/28/2018

__Signature of Reporting Person Date

/s/ Andrew Price, Attorney-in-Fact for Mr. Joseph Liemandt 12/28/2018

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The reported securities are held directly by ESW Capital, LLC ("ESW"). Joseph Liemandt is the sole voting member of ESW and may be deemed to have beneficial ownership, for purposes of Section 13(d) of the Securities Exchange Act of 1934, of the securities held by ESW. Mr. Liemandt disclaims Section 16 beneficial ownership of the securities held by ESW, except to the extent, if any, of his pecuniary interest therein.
- (2) The warrants reported herein were issued by the Issuer to ESW in connection with its purchase of 9,990,506 units (each, a "Unit") in a private placement that closed on October 10, 2018 ("Financing"). The warrants were exercisable at any time prior to the expiration date.
- (3) The reported securities were included with 9,990,506 Units purchased by the reporting person for \$0.371063 per Unit in the Financing. Each Unit consisted of (a) \$0.10 in Issuer's senior secured debt, (b) warrants to purchase 12.233 shares of the Issuer's common stock, and (c) 0.0225 shares of the Company's Series A Convertible Preferred Stock at a per Unit price of \$0.271063 (subject to certain adjustment).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.